



BLOWIN' IN THE WIND

BITW is a forum to report on industry trends and vehicle development. Compiled/written by Robert Patton.

VW DIESEL ENGINE SCANDAL – NO SURPRISE?

Since the reporting of the VW engine scandal in the press, at the TDR's web site (the story broke on September 18 of last year) and in our magazine (Issue 91, pages 42-46), I have refrained from the day-to-day reporting of government fines and VW corporate goodwill "spiffs" that have been offered to their customers. The TDR Issue 91 article on page 43 "Total It Up 83 Million ≠ 1 Billion" gave you my personal insight to the numbers game that happens every day in the world of big business, government regulation and media hype and nonsense. The statement "figures don't lie, but liar's figure," comes to mind, and the headlines have no meaning.

But, wait, here we go again.

The August 1, 2016, issue of *Automotive News* arrives at my desk and I give it the once-over for interesting articles. The headline on page 3, "Diesel 'Defeat Devices' Used More Than You Think," piqued my interest. *AN's* Christiaan Hetzner gives us detailed insight into the rules and regulations that can prove too tempting not to circumvent. Hetzner's article talks about the latest scandal in Europe that involves GM's Opel division and the allegations of emissions fraud. Quotes from Hetzner's article will bring to light just how complicated the whole emissions puzzle can be. The following are excerpts from Hetzner:

"Normally companies prefer their news releases to be bite-sized morsels no longer than a page.

"So when the media leveled allegations of emissions fraud against General Motors' European unit, the nine-page response detailing GM's position hinted at panic. It was titled 'Statement of the Adam Opel AG on the Current Diesel Discussion,' but one of Germany's leading newspapers suggested an alternate headline: 'The longest denial in corporate history.'

"Ongoing news reports revealed a reality that might surprise those outside the world of powertrain engineers and regulators. 'Defeat devices' gained prominence thanks to VW, which used such software to turn off its emissions controls outside of government testing. But other automakers in Europe make liberal use of officially sanctioned devices in diesel vehicles that spew nearly as many toxins as VW's.

"Part of the reason the devices are widely used in Europe traces back to a loophole in the European Union's emissions law. In Europe, the law gives automakers wide discretion to use defeat devices to protect the engine or safeguard the vehicle.

"Andrew Fulbrook, director of IHS Automotive's global powertrain and compliance forecasting, says the US is less affected because it requires manufacturers to submit a list of such devices.

"It provides the regulator with an opportunity to agree or disagree with the OEM in his interpretation of the definition of an [auxiliary emissions control device] and if it is a defeat device or not,' he said. 'it's a clear requirement.'

"In Opel's case, Germany's most influential news weekly, *Der Spiegel*, ran a cover story accusing the GM unit of using software that instructed its Zafira multipurpose vehicle's diesel engine not to clean nitrogen oxides around 80 percent of the time.

"The exhaust gas after-treatment system was set to switch off at specific altitudes, vehicle speeds or weather conditions—circumstances that seemed to fall just outside the test parameters used in the EU's driving cycle.

"A recent investigation of 53 diesel models by Germany's transportation ministry discovered broad use of these legal defeat devices. For example, officials found a 1.6-liter diesel BMW 2 series emitted more than five times the legal NOx limit on the road." Ouch!

So, just how do they do it? Hetzner's article touched on some of the switch-on, switch-off parameters. Later in the article he gives some specifics that are enlightening, to say the least. More from *AN's* Hetzner:

"Ambient temperatures, air pressure and engine load are just some of the 17,000-plus variables taken into consideration by its software, Opel said. As such, fishing out a few elements in isolation of one another presented a distorted picture.

"Whereas switching off at 2,789 feet above sea level may seem connected to the fact that the highest testing ground in Europe is found at 2,165 feet, Opel said this in reality was designed to prevent excessive sooting as oxygen levels in the air decrease the farther up a car travels. Other reasons were to stop ammonia from seeping out into the air, which occurs when too much urea is injected into the after-treatment system."

The elevation switch-off, by itself, looks somewhat environmentally harmless. However, if this is one of 17,000 other variables, well... Hetzner's story goes on to further explain the switch-off legislation:

"Lawmakers added a seemingly innocuous qualification, over which the industry and politicians now blame each other for the image crisis: 'The prohibition shall not apply where the need for the device is justified in terms of protecting the engine against damage or accident and for safe operation of the vehicle.'

"This sentence opened a legally sanctioned back door for defeat devices in almost any situation because safety is traditionally considered paramount.

"Other governments, member states, as well as members of parliament were never interested in the subject, because it was so technical. Nobody was excited about the details,' said Eerik Jonnaert, a Harvard-trained lawyer based in Brussels. 'If you look into the regulations, people digging into the legislation itself, they all come back saying it's utterly complex.'

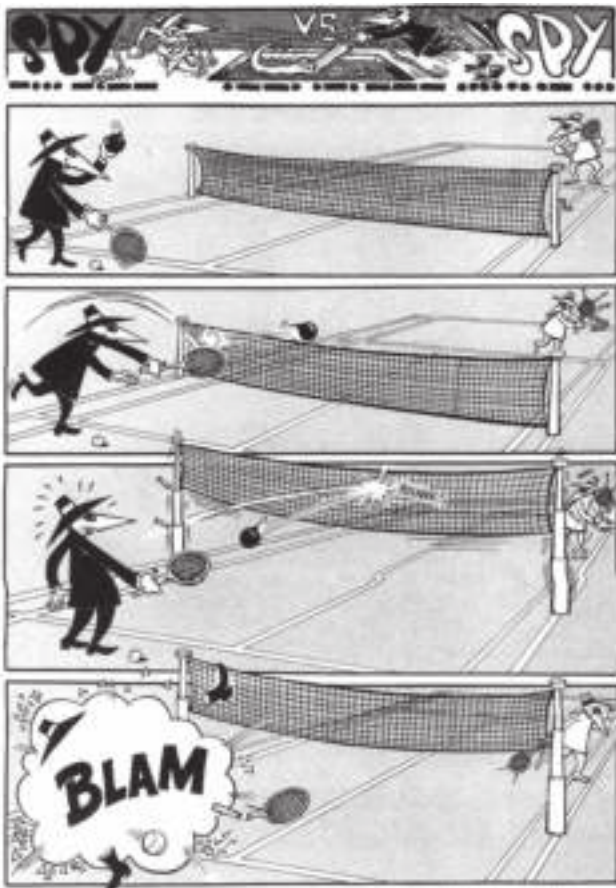
"IHS' Fulbrook notes that the EU does not require automakers to declare what devices they use to switch off or minimize emissions controls, 'certainly not as clear as the US.' That allows an automaker 'to use his interpretation with very little regulatory oversight,' he said.

We could go further into the Hetzner article, but I think you get the gist of the situation. To sum it up, regulators get paid to regulate, and engineers get paid to engineer.

Spy versus Spy in the old Mad Magazines was so much easier to understand.

Now ask yourself a question: Were you a VW engineer, would it not be in the best interest of job security to work around the system for the US specification car? After all, in light of the Automotive News article, work-arounds are the norm for European specification cars.

Jeez.



SAGA OF SERGIO – PART V IS FCA FOR SALE?

Back in mid-August I posted this question at the TDR's home page: "Is FCA for sale?" After reading the "Saga of Sergio," parts 1 through 4 in our BITW column, I think we all know the answer.

In the meantime, did you know that Jaguar is owned by Tata Motors, India's second largest vehicle manufacturer?

Did you know that Land Rover is also a part of Tata Motors?

How about Volvo? They are owned by Zhejian Geely Holding Group of China.

So should we be surprised that according to Peter DeLorenzo in his July 19, 2016, column posted at autoextremist.com, the Guangzhou Automotive Group (GAC) seems to be the most ardent suitor of FCA at this juncture?

If you take the time to look up his 7/16 rant you'll find it is typical, toxic DeLorenzo. Here is a quote: "Listen, folks, if you needed any more evidence after all of this time that Sergio Marchionne and his espresso-swilling posse were only out for themselves then you haven't been paying attention. Marchionne's obsession with showing sales gains at all costs has finally exposed him for what he well and truly is: Just your above-average carpetbagging mercenary angling for one last big score. What will the outcome of the DOJ investigation into all of this be? That remains to be seen, but you can bet Marchionne is in feverish talks with the Chinese to cash out, so that he can bail while the bailing is still good."

Long term, look at Jaguar, Land Rover and Volvo. Ask yourself if the parent company really matters when you have an excellent product like the Ram/Cummins Turbo Diesel truck? I think not.

Ram survived the Daimler/Chrysler merger as well as the Cerberus Capital Management ownership days. It will survive the next owner.

"But you can bet Marchionne is in feverish talks with the Chinese to cash out, so that he can bail while the bailing is still good."
